Calendar No. 878

100TH CONGRESS
2d Session

SENATE

REPORT
100-462

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION ACT OF 1972

AUGUST 8, 1988.—Ordered to be printed

Mr. JOHNSTON, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 2318]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 2318) to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

On page 1, delete lines 6 and 7, and on page 2, delete lines 1, 2 and 3, and insert in lieu thereof:

> There are further authorized to be appropriated for operating and administrative expenses of the Corporation $2,353,000 for the fiscal year 1989; $2,650,000 for the fiscal year 1990; $2,400,000 for the fiscal year 1991; and $2,200,000 for the fiscal year 1992.

PURPOSE OF THE MEASURE

The purpose of S. 2318, as ordered reported, is to authorize appropriations for operating and administrative expenses for the Pennsylvania Avenue Development Corporations (PADC) for fiscal year 1989 and three succeeding fiscal years.

BACKGROUND AND NEED

The PADC is a Federal corporation created by Public Law 92-578, dated October 17, 1972, to carry out an extensive revitalization

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program in the corridor between the Capitol and the White House. Section 2 of the act states that it is in the national interest that the area adjacent to Pennsylvania Avenue between the Capitol and the White House be developed, maintained, and used in a manner suitable to its ceremonial, physical, and historic relationship to the Legislative and Executive Branches of the Federal Government. At the time of the passage of the act, Pennsylvania Avenue and its northern blocks had a worn, blighted appearance. The Act directed the newly-created Pennsylvania Avenue Development Corporation to prepare a plan for a comprehensive rebuilding of this corridor, as a first step in the revitalization process. The product of the Corporation's effort is a document entitled "The Pennsylvania Avenue Plan—1974," submitted to and approved by the Congress in 1975.

While the PADC had been receiving appropriations for salaries and expenses since 1973, it was not until the summer of 1977 that appropriations were first made available for implementation of the Plan.

Since then, the Corporation has annually received appropriations for salaries and expenses, public development activities (public improvement, historic preservation, and relocation) and, when needed, additional increments of borrowing authority. Authorizing legislation for additional appropriations has been enacted periodically since the mid-1970s. Cumulatively, through fiscal year 1988, public development appropriations total $128 million, while borrowing authority for land acquisition totals $99.9 million. Ample authorized levels exist for continued appropriations for both public development activities and land acquisition. However, authorization for annual salaries and expenses expires at the end fiscal year 1988.

Legislative History

S. 2318 was introduced by Senator Johnston, by request, on April 22, 1988. No hearing was held by the subcommittee on this measure. A companion measure, H.R. 4754, has been introduced in the House of Representatives.

At the business meeting on August 3, 1988, the Senate Committee on Energy and Natural Resources ordered S. 2318, as amended, favorably reported.

Committee Recommendations and Tabulation of Votes

The Senate Committee on Energy and Natural Resources, in open business session on August 3, 1988, by unanimous vote of a quorum present, recommends that the Senate pass S. 2318 if amended, as described herein.

The rollcall vote on reporting the measure was 19 yeas, 0 nays, as follows:

YEAS	NAYS
Mr. Johnston*	
Mr. Bumpers*	
Mr. Ford	
Mr. Metzenbaum*	
Mr. Melcher	

Mr. Bradley*
Mr. Bingaman
Mr. Wirth
Mr. Fowler*
Mr. Conrad
Mr. McClure
Mr. Hatfield
Mr. Weicker*
Mr. Domenici*
Mr. Wallop*
Mr. Murkowski
Mr. Nickles
Mr. Hecht
Mr. Evans*

*Indicates voted by proxy.

Committee Amendments

During the consideration of S. 2318, the committee adopted an amendment to provide specific authorization ceilings for fiscal years 1990, 1991, and 1992 in addition to fiscal year 1989. As introduced, the measure authorized "such sums as may be necessary" for these years.

Cost and Budgetary Considerations

The following estimate of the cost of this measure has been provided by the Congressional Budget Office:

CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, DC 20515

August 5, 1988

Honorable J. Bennett Johnston, Jr.
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Congressional Budget Office has prepared the attached cost estimate for S. 2318, a bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

James L. Blum
Acting Director

cc: Honorable James A. McClure
Ranking Minority Member

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE

August 5, 1988

1. BILL NUMBER: S. 2318

2. BILL TITLE:

A bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes.

3. BILL STATUS:

As ordered reported by the Senate Committee on Energy and Natural Resources, August 3, 1988.

4. BILL PURPOSE:

S. 2318 would authorize appropriations to the Pennsylvania Avenue Development Corporation for fiscal years 1989, 1990, 1991, and 1992.

5. ESTIMATED COST TO THE FEDERAL GOVERNMENT:

(by fiscal year, in millions of dollars)

	1989	1990	1991	1992	1993
Authorization Level	2.4	2.7	2.4	2.2	---
Estimated Outlays	1.9	2.4	2.2	2.0	0.2

The costs of this bill are in budget function 450.

Basis of Estimate:

This estimate assumes that the full amounts authorized would be appropriated for each fiscal year. The estimated outlays are based on historical spending patterns.

6. ESTIMATED COST TO STATE AND LOCAL GOVERNMENTS: None.

7. ESTIMATE COMPARISON: None.

8. PREVIOUS CBO ESTIMATE:

On August 3, 1988, CBO prepared a cost estimate for H.R. 4754, an identical bill ordered reported by the House Committee on Interior and Insular Affairs, August 3, 1988. The estimated costs of the two bills are the same.

9. ESTIMATE PREPARED BY: Michael Sieverts (226-2860)

10. ESTIMATE APPROVED BY:

for James L. Blum
Assistant Director
for Budget Analysis

Regulatory Impact Evaluation

In compliance with paragraph II(b) of Rule XXVI of the Standing Rules of the Senate, the committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 2318. The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact of personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 2318, as reported.

Executive Communications

The letter of transmittal accompanying S. 2318 follows. In addition, a letter from the Executive Directive of the Pennsylvania Avenue Development Corporation to Congressman Morris Udall regarding the House companion bill, H.R. 4754, is also set forth below:

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

Suite 1220 North
1331 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-1703
202/724-9091

Henry A. Berliner, Jr.
Chairman

M. J. Brodie
Executive Director

March 17, 1988

Honorable George Bush
President of the Senate
S-212 Capitol Building
Washington, D.C. 20510

Dear Mr. President:

The budget presented in the President's Budget Appendix for FY 1989 for the Pennsylvania Avenue Development Corporation's salaries and expenses will require additional authorization. Authorization is also needed for fiscal years 1990, 1991, and 1992.

The Office of Management and Budget has advised us that there is no objection from the standpoint of the administration's program to the submission of this draft legislation to the Congress, and that its enactment would be in accord with the President's program.

Thank you.

Sincerely,

Henry A. Berliner
Chairman

HAB:AKM:mcv

THE SECOND DECADE

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

Suite 1220 North
1331 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-1703
202/724-9091

Henry A. Berliner, Jr.
Chairman

M. J. Brodie
Executive Director

July 15, 1988

Honorable Morris K. Udall
Chairman
Committee on Interior and Insular Affairs
1324 Longworth House Office Building
Washington, DC 20515

Dear Mr. Udall:

On June 7 H.R. 4754 was introduced in the U S. House of Representatives to authorize appropriations for administrative expenses for the Pennsylvania Avenue Development Corporation (PADC) for FY 1989 and three succeeding years. I am writing to provide the Committee with general background information on the Corporation and its program, in support of H.R. 4754.

BACKGROUND OF PADC

The PADC is a Federal corporation created by Public Law 92-578, dated October 27, 1972, to carry out an extensive revitalization program in the corridor between the Capitol and the White House. Section 2 of the Act states that it is in the national interest that the area adjacent to Pennsylvania Avenue between the Capitol and the White House be developed, maintained, and used in a manner suitable to its ceremonial, physical, and historic relationship to the legislative and executive branches of the Federal Government. At the time of the passage of the Act, Pennsylvania Avenue and its northern blocks had a worn, blighted appearance. It was described in an official report as "a scene of desolation." Economic decline here was evident in the numerous deteriorating structures that characterized the Avenue. Commercial businesses had largely abandoned this area in favor of a new commercial downtown which began evolving west of the White House in the 1960s. The Act directed the newly-created Pennsylvania Avenue Development Corporation to prepare a plan for a comprehensive rebuilding of this corridor, as a first step in the revitalization process. The product of the Corporation's effort is a document entitled The Pennsylvania Avenue Plan - 1974, submitted to and approved by the Congress in 1975.

The Plan envisoned a public/private approach to redevelopment, incorporating both Federal and private sector expenditures. The public spaces of Pennsylvania Avenue and adjoining streets would be redesigned and improved with parks, plazas, landscaping, lighting and other pedestrian amenities. These public space improvements would serve the purposes of providing an attractive environment for visitors and passersby and provide the infrastructure necessary to attract private investment to the adjacent, northern blocks. On the blocks, the Plan defined a

THE SECOND DECADE

variety of land uses for new development intended to enliven the corridor after as well as during working hours. Consequently, traditional office land uses were combined with plans for new retail, hotel, theatre and--in a departure from then contemporary planning for downtown Washington, DC--housing. The magnitude of development envisoned for the fifteen blocks comprising the project area encompasses over 4 million square feet of office space, 300,000 square feet of retail space, 1,000 hotel rooms, 60,000 square feet of community art space, and up to 1,500 housing units. The development would be achieved through private investment, which would be attracted by the amenity of public space improvements and the purchase of key parcels of land by the Corporation. Land would be purchased by PADC with funds borrowed from the U.S. Treasury, and then sold or leased to developers who would construct projects consistent with the Plan and approved by the Corporation's Board of Directors. The Plan also directed the PADC to contribute to projects in which noteworthy historic properties would be restored and to assist in relocating existing businesses on the real estate it purchased for redevelopment.

BACKGROUND OF APPROPRIATIONS

While the PADC had been receiving appropriations for salaries and expenses since 1973, it was not until the summer of 1977 that appropriations were first made available for implementation of the Plan. Apropriations for the commencement of public area improvements, historic preservation, and business relocation payments were approved simultaneously with the appropriation of U.S. Treasury borrowing authority for land acquisition. In early 1978, the PADC purchased the Willard Hotel and several other key properties, and commenced design work for the Pennsylvania Avenue roadway and sidewalk reconstruction and the first of its planned parks and plazas.

Since this time, the Corporation has annually received appropriations for salaries and expenses, public development activities (public improvements, historic preservation, and relocation) and, when needed, additional increments of borrowing authority. Authorizing legislation for additional appropriations has been enacted periodically since the mid-1970s. Cumulatively, through FY 1988, public development appropriations total $128 million, while borrowing authority for land acquisition totals $99.9 million. Ample authorized levels exist for continued appropriations for both public development activities and land acquisition. However, authorization for annual salaries and expenses expires at the end of FY 1988, and it is for the purpose of allowing the PADC to continue implementing the Plan that H.R. 4754 has been introduced.

The Plan projected a 15 year period for implementing the transformation and revitalization of the Pennsylvania Avenue corridor. Having commenced in 1977, the project was estimated to be completed by 1992. The project is on schedule. PADC is on its way to accomplishing its many objectives but needs to maintain a staff in fiscal years 1989, 1990, 1991, and 1992 in order to complete the present momentum of development and to complete the work on schedule. Therefore, it is critical that H.R. 4754 be enacted.

We believe that the program carried out thus far has been successful and warrants continuation through FY 1992. In the ten years since the PADC first received implementation funding, over $1.4 billion in private investment has been attracted to the fifteen blocks of the project area. Over 4 million square feet of new office space has been built or contracted for construction; over 1,000 hotel rooms are complete (including 365 rooms in the restored, elegant Willard Hotel); over 600,000 square feet of retail and arts uses is complete or contracted for; and--significantly--nearly 1,000 housing units in four separate projects have commenced or are under contract. Thus far, approximately $120 million in Public Development appropriations has been committed, so that it can be said that the Federal contribution to the public/private partnership envisioned by the Plan has produced over ten times this amount in private investment. The public development investment is most visible in the form of the six new parks and plazas along the Avenue, in the newly reconstructed sidewalks with special lighting and landscaping, and in the preservation of key historic properties.

The PADC program is approximately three-fourths complete. Many of the development projects approved by the Board of Directors in the last year need to be monitored through to completion, and development on several key squares over the next several years has to be designed and negotiated. Moreover, extensive public improvements are commencing on the sidewalks north of Pennsylvania Avenue, requiring staff design and supervision. Finally, the passage of the Federal Triangle Development Act in 1987 gave PADC responsibility for planning and development of a 3.1 million square foot office building in the next several years. In order for the program to achieve fulfillment, the PADC staff must remain essentially intact through FY 1992. Your support of H.R. 4754 will ensure its completion.

We are, of course, available to provide you with any additional background informaton you may need.

Sincerely,

M. J. Brodie
Executive Director

MJB:AKM:mcv

cc: Honorable Bruce F. Vento
Honorable Robert J. Lagomarsino
Honorable Ron Marlenee

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill S. 2318, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

An Act to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended

* * * * * * *

17(a) In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation $3,000,000 for the fiscal year ending September 30, 1979; $3,200,000 for the fiscal years ending September 30, 1980, and September 30, 1981; and $3,500,000 for the fiscal years ending September 30, 1982, and September 30, 1983. There are further authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed $3,250,000, each, for the fiscal years ending September 30, 1984, September 30, 1985, September 30, 1986, September 30, 1987, and September 30, 1988. *There are further authorized to be appropriated for operating and administrative expenses of the Corporation $2,353,000 for the fiscal year 1989; $2,650,000 for the fiscal year 1990; $2,400,000 for the fiscal year 1991; and $2,200,000 for the fiscal year 1992.*

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